

Message Text

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PAGE 01 HALIFA 00171 291753Z
ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 OMB-01 TRSE-00 EB-08 COME-00
AID-05 IGA-02 CIAE-00 DODE-00 PM-04 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 /085 W

-----291927Z 057394 /41

P 291550Z APR 77
FM AMCONSUL HALIFAX
TO SECSTATE WASHDC PRIORITY 1611
INFO AMEMBASSY OTTAWA
TO ALL CONSULATES IN CANADA (BY POUCH)

UNCLAS HALIFAX 0171

E O 11652: N/A
TAGS: EFIN CA
SUBJECT: NEWFOUNDLAND'S BUDGET: REQUIEM FOR A
PAPER MILL

1. FINANCE MINISTER WILLIAM DOODY ANNOUNCED A RECORD
DOLS 1.1 BILLION BUDGET FOR FY 1977 TO NFLD'S HOUSE OF
ASSEMBLY ON APR 28. IT IS A TOUGH BUDGET WITH A NUMBER
OF ANNOUNCED TAX INCREASES AND LITTLE IN THE WAY OF
INCREASED BENEFITS. THE MOST NOTEWORTHY FEATURE OF THE
NEW BUDGET WAS THE ANNOUNCEMENT THAT THE CROWN-OWNED
LABRADOR LINERBOARD MILL AT STEPHENVILLE, ON NEWFOUNDLAND'S
WEST COAST, WILL BE CLOSED WITHIN SIX MONTHS.

2. TAX INCREASES ARE TO BE IMPOSED ON TOBACCO, INSURANCE
PREMIUMS, AND PERSONAL INCOME. GOVERNMENT SPENDING ON
FISHERIES DEVELOPMENT WILL INCREASE FROM NEARLY DOLS
16 MILLION TO NEARLY DOLS 24 MILLION. ALSO TO
BENEFIT WILL BE RETIRED CIVIL SERVANTS WHOSE PENSIONS
RECEIVED A 6 PERCENT INCREASE AND SOCIAL ASSISTANCE
RECIPIENTS WHO BENEFITS WHO ALSO RECEIVED A 6 PERCENT
RAISE. ASIDE FROM THESE INCREASES, HOWEVER, THERE WAS
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LITTLE IN THE BUDGET IN THE WAY OF NEW BENEFITS. IT
WILL BE NOTED, MOREOVER, THAT THE INCREASES FOR GOVERN-
MENT RETIREES AND FOR SOCIAL ASSISTANCE RECIPIENTS
CAME NOWHERE NEAR MATCHING THE ANNUAL RATE OF INFLATION.

3. CLOSURE OF THE LINERBOARD MILL AT STEPHENVILLE
WILL BE A GRIEVOUS BLOW TO THE AREA BUT HAS BEEN LONG

EXPECTED. THE MILL DATES FROM THE REGIME OF EX-PREMIER JOEY SMALLWOOD AND WAS A GOVERNMENT-SUPPORTED VENTURE OF SMALLWOOD'S CRONY, JOHN DOYLE, WHO IS NOW ON THE LAM FROM THE POLICE OF BOTH THE UNITED STATES AND CANADA. BUILT TO TAKE UP THE ECONOMIC SLACK RESULTING FROM THE CLOSURE OF THE USAF'S ERNEST HARMON AB IN 1966, THE MILL'S VIABILITY WAS PREMISED ON THE SPECIOUS ASSUMPTION THAT IT COULD BE SUPPLIED WITH WOOD BROUGHT BY SEA FROM LABRADOR. THIS AWKWARD AND EXPENSIVE METHOD OF SUPPLY, HOWEVER, MEANT THAT THE MILL'S COST PER CORD OF WOOD WAS APPROXIMATELY DOUBLE THAT OF COMPETING MILLS IN THE US SOUTHLAND.

4. AM OBTAINING COPIES OF BUDGET MESSAGE AND WILL POUCH THEM TO EMBASSY OTTAWA AND EUR/CAN.

MOORE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROVINCE, BUDGETS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977HALIFA00171
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ISecure: 1
Legacy Key: link1977/newtext/t1977046/aaaaaeo.tel
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Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:08 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:06 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
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TAGS: EFIN, CA, (DOODY, WILLIAM)
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